

MEMORANDUM



Request for City Council Committee Action

Date: February 4, 2002

To: Council Member Goodman, Community Development Committee
Council Member Johnson, Ways and Means/Budget Committee

Prepared by: Jerry LePage, Phone 612-673-5240

Approved by: Chuck Lutz, Interim MCDA Executive Director _____

Subject: Amendment to Appropriation and Revenue Budget for Fund CHA for the 13th & Harmon Housing Project (Village Green)

Previous Directives: On September 15, 2000, the MCDA Board and the City Council approved the 13th & Harmon Redevelopment Plan and Tax Increment Financing Plan, the redevelopment contract business terms, the issuance of a pay-as-you-go TIF note, the use of eminent domain to acquire 1301 Harmon Place (the Mikulay Property), and the sale of 1301 Harmon Place to Village Green Companies. On August 13, 2001, the City Council amended the 2001 MCDA appropriation to authorize the pass through of the initial quick take deposit for the Mikulay property that was funded by the developer.

Neighborhood Group Notification: N/A

Consistency with *Building a City That Works*: N/A

Comprehensive Plan Compliance: N/A

Zoning Code Compliance: N/A

Impact on MCDA Budget: (Check those that apply)

- ☐ No financial impact
- ☒ Action requires an appropriation increase to the MCDA Budget
- ☒ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain): Increases project budget and appropriation as noted.

Living Wage / Business Subsidy: NA

Job Linkage: NA

Affirmative Action Compliance: NA

Recommendation: Amend the 2002 MCDA Appropriation Resolution to increase the appropriation for Fund CHA (13th & Harmon) by \$2,675,000 and also increase the Revenue Budget for Fund CHA (3485 Land Sales) by \$2,675,000.

Background/Supporting Information:**Fund CHA – 13th & Harmon Housing Project (Village Green)**

The City Apartments at Loring Park project is a 162-unit rental housing project being developed by Village Green Companies at 13th Street South & Harmon Place. Construction on the project began in October 2001.

In order to assemble this site, the use of eminent domain was necessary to acquire the 1301 Harmon Place property from its current owners, Arnold and Leonard Mikulay. The Mikulay property was acquired through the quick take process in August 2001, and Village Green provided the Agency the \$2,200,000 required as an initial deposit with Hennepin County District Court, pending final determination of the acquisition price.

Earlier this month, the Court-appointed condemnation commissioners reached a decision on a total award of \$4,802,820, consisting of \$4,651,200 for the Mikulay property and \$151,620 for half of the alley on the site associated with the Mikulay property. By February 21st, the amount that must be deposited with the Court is \$2,451,200 (\$4,651,200 minus the initial deposit of \$2,200,000), plus imputed interest costs since the initial deposit was made last August.

Staff is recommending that the 2002 MCDA appropriation and revenue budget for FUND CHA (13th & Harmon) be increased by \$2,675,000, of which \$151,620 will eventually be repaid from future affordable housing payments from other developments. This increase should be sufficient to cover the deposit due to the Court, plus interest costs and other miscellaneous costs associated with this pass-through transaction.